



DIVE BRIEF

Electricity prices surged 14.3% in 2022, double overall inflation: US report

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Dive Brief:

- Consumers paid 14.3% more for electricity last year on average, than in 2021, more than double the overall 6.5% rise in prices, according to Consumer Price Increase data released Jan. 12 by the U.S. Bureau of Labor Statistics. Month to month, electricity prices rose 1% while the overall CPI decreased by 0.1%.
- The price of residential electricity is projected in the coming years to rise more slowly, the Energy Information Administration said Jan. 10. It jumped to 15.07 cents a kWh last year, from 13.66 cents per kWh in 2021. It's projected to rise to 15.45 cents a kWh this year and by a penny in 2024.
- Electricity to heat homes is expected to cost 10.2% more this winter over last year, or \$1,359 for the season, according to the National Energy Assistance Directors' Association.

Dive Insight:

The inflationary spiral gripping the economy since the end of 2020 is easing. Overall December price increases were down from a 7.1% year-over-year rise in November, and represented the sixth straight month of year-over-year declines after peaking at 9.1% in June.

Year-over-year price inflation for electricity peaked at 15.8% in August, according to the BLS.

Tyson Slocum, director of Public Citizen's Energy Program, said domestic electricity prices are "tethered to global calamities," specifically Russia's 11-month war against Ukraine that has roiled global markets.

Energy costs are regressive, taking a bigger share of income from low-income consumers than from the affluent, he said. To cut costs, consumers must improve efficiency. But renters can't make the investments needed to boost energy efficiency, Slocum said.

The Inflation Reduction Act is expected to help fund energy efficiency improvements, but it's "still heavily tax incentive-focused," he said, putting it out of reach of many consumers.

More than 20 million families, or about one of six in the U.S., were behind on their utility bills as of Nov. 7, according to NEADA, which represents the state directors of the federal government's Low Income Home Energy Assistance Program. Families owed about \$16.1 billion as of last August, double the amount at the end of December 2019, NEADA said. The average amount owed increased to about \$788, from \$629.

The EIA said it expects retail electricity sales will decline due to a milder summer this year compared to 2022 and about 10% fewer cooling degree days.

U.S. generation in EIA's forecast will decline in 2023, following a drop in electricity consumption this year and trend up in 2024. Generation from renewable sources is the main contributor to growth in U.S. electricity generation, EIA said. The forecast share of U.S. renewables generation will rise to 24% this year and 26% in 2024, from 21% in 2022.

The EIA said natural gas consumption, production and exports broke records in 2022 as real average prices hit a 14-year high. U.S. natural gas consumption reached record levels last year due partly to increased use in the electric power sector.